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June 1, 2006

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-42

Dear Ms. Cottrell:

Pursuant to the Hearing Officer's Ruling made at the hearing held on May 31, 2006 on the Company's Motion for Protective Treatment, enclosed is a revised page 20 of 25 to the public, redacted version of Mr. DaFonte's prefiled direct testimony.

Very truly yours,

Robert L. Dewees, Jr.

RLD/tlm  
Enclosure

cc: John J. Geary, Hearing Officer (3 copies)  
Jamie M. Tosches, Esq., Assistant Attorney General (4 copies)  
Andreas Thanos, Assistant Director, Gas Division (1 copy)  
Alexander Kofitse, Analyst, Gas Division (1 copy)  
Kenneth Dell Orto, Analyst, Gas Division (1 copy)

1 A. Of the forty-six potential bidders, only seven submitted bids for the Dawn  
2 delivery portion of the RFP. The respondents were BP, Constellation, Coral,  
3 DTE, NJR, ONEOK and Tenaska. In addition, only four companies submitted  
4 bids for the summer Joliet deliveries into Vector. These respondents were BP,  
5 Constellation, Coral and Tenaska.

6  
7 **Q. Please describe how the RFP bids were priced.**

8 A. All bids for delivery into Dawn were priced off of the NYMEX close or the index  
9 price at Dawn as reported in Inside FERC's Gas Market Report. Bids for  
10 deliveries into Vector (near Chicago) were priced off of the NYMEX close or off  
11 of the Chicago hub index price as reported in Natural Gas Intelligence. See  
12 CONFIDENTIAL Exhibit FCD-8 for a summary of the RFP bids.

13 Bay State used the most competitive bids as the basis of its economic analysis of  
14 the Dawn and Chicago hubs and input them to the SENDOUT® model. Bay  
15 State used NYMEX close-based bids in order to standardize all bids for the  
16 purpose of its economic analysis.

17  
18 **Q. What analyses were performed by Bay State prior to selecting the**  
19 **Washington 10 and Vector alternative?**

20 A. Consistent with its approved resource planning process, Bay State performed a  
21 combination of cost and non-cost evaluations of the alternative resource options.